MEPP

management employees pension plan

ANNUAL REPORT 03

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Vision

Promised benefits will be paid.

Board Mission

To provide prudent governance of the Management Employees Pension Plan and the Public Service Management *(Closed Membership)* Pension Plan and Funds, and ensure the provision of cost-effective, timely services to members and retirees.

Values and Principles

Plan assets will be managed effectively and efficiently in compliance with legislation and regulations; All decisions made by the Board will be financially prudent, ensuring the overall financial health of the Plan is maintained and costs charged to the Plan are reasonable and equitable; MEPP will be managed in an effective and efficient manner to the benefit of the members; and The Board members embrace the prudent person concept in exercising good judgement on behalf of beneficiaries.

From left - Nancy Bochard *(vice chair)*, Fred Barth, Gail Armitage, Lorne Saul-Demers, Bill Lenius, Jim Millard *(acting secretary)*, Liz Doughty *(recording secretary)*, Rod McDermand
Seated: Theresa Ostrum *(chair)*

MEPP Profile

The Management Employees Pension Plan (MEPP) was originally established in 1972 as the Public Service Management Pension Plan for management employees of the Government of Alberta and approved agencies, boards and commissions. In 1993, new legislation was passed that divided the Plan into two separate plans. Active Plan members as of August 1, 1992 became members of MEPP.

Members who left the Plan or retired before August 1, 1992 and those who had 35 years of pensionable service by August 1, 1992, became members of the Public Service Management (Closed Membership) Pension Plan (Closed Plan). Funding for the Closed Plan is the responsibility of the Government of Alberta.

MEPP is a contributory defined benefit plan, which means members contribute to the Plan and will receive a formula-based pension determined by their average pensionable salary and years of service. As of December 31, 2003 the Plan served 23 employers, 4,029 active members, 770 inactive members and 1,837 pensioners. A summary description of Plan provisions is in Note 1 of the Financial Statements. An overview of the choices and benefits under the Plan is provided in the *MEPP Members' Handbook* (see MEPP web site at www.mepp.ca).

The Board

Mandate

The Minister of Finance is the statutory trustee and administrator of the Management Employees Pension Plan (MEPP) and holds all assets of the Plan in trust to provide benefits pursuant to the Plan and to meet Plan costs.

The *Public Sector Pension Plans Act* sets out the main objectives of the Management Employees Pension Board with respect to funding, administration, investments and amending the Plan.

The Board monitors the management of the Plan and acts in an advisory capacity to the Plan's trustee and administrator.

The Board:

- May advise the Minister on any pension matter that is of interest to persons receiving or entitled in the future to receive benefits under the Plan;
- Must be consulted before plan rule changes can be put in place;
- Arranges valuations and recommends overall contribution rates;
- Sets general policy guidelines for the investment and management of the Plan's assets;
- Reviews investment performance;
- Sets general policy guidelines on the administration of the Plan;
- Reviews administration decisions pursuant to a delegation from the Minister; and
- May advise the Minister on the Public Service Management (Closed Membership) Pension Plan (Closed Plan).

Board Members

- The Board has seven members, comprised of three employee nominees, three persons nominated by Government and one non-voting member nominated by the Public Service Commissioner's Office.
- The offices of Board Chair and Vice Chair rotate every two years between Government and employee nominees.

Board Committees

The Board established the Investment Committee in 2000 and the Communications Committee in 2001.

The role of the Investment Committee is to:

- Address investment objectives of the Plan;
- Identify and assess risk tolerance;
- Develop constraints and guidelines on investment, asset ranges, suitable classes of investments and voting proxies;
- Select benchmarks to assist in analyzing investment performance of the Plan Fund; and
- Review the performance of IMD.

The Investment Committee reports and makes recommendations to the Board.

The Communications Committee is responsible for developing and reviewing the Board's communications plan on an annual basis and making recommendations to the Board.

Message from the Board

The Management Employees Pension Board is committed to being active stewards of your pension plan. The Board oversees the management of Plan assets to help ensure they are sufficient to meet the pension benefits promised.

Plan Funding and Investments

MEPP earned 13.7% in 2003, a considerable improvement over the results experienced in each of the previous three years.

Despite these positive returns an actuarial valuation as at December 31, 2002 indicated an increase in annual funding of approximately $21 million commencing in 2004 and continuing until 2017. The next actuarial funding valuation is required no later than December 31, 2004 (see Note 1(b)). The board will continue to monitor the Plan's financial position on an annual basis.

The Board works to minimize additional funding requirements; however, it will identify changes to contribution rates if doing so is necessary to secure the long term funding of the Plan.

With the assistance of its Investment Committee, the Board reviews the Plan's investment returns and asset mix and makes changes to maximize investment returns at an acceptable level of risk.

In 2003 we engaged the services of an external investment consultant. API Asset Performance Inc. was hired in March 2003 to assist the Board in its oversight of the investment performance of the Fund.

In 2004, the Board will undertake an asset liability study to assist us in monitoring the Plan's liabilities and ensuring that assets, together with future contributions, will be sufficient to meet future liabilities.

Governance Review

At the Minister of Finance's request, the Board conducted a governance review which identified a number of areas where improvements could be made. Recommended changes outline clearer roles and responsibilities for the sponsor and the Board, enhanced accountability, and mitigation of risk. The governance results and recommendations were submitted to the Minister for consideration.

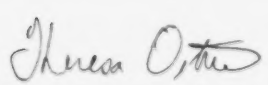
2004 Board

With the reappointment of government nominee Nancy Bochard, and two employee nominees, Bill Lenius and Gail Armitage, the faces of the Board remain the same. Communications, investment management, and a strong code of conduct have always been part of the core commitment of the Board and they will continue to be a priority.

Thank you

The success of the Board depends on the assistance of many people. At this time we want to acknowledge and extend thanks to the two external members on our Investment Committee, Tania Willumsen and Ladis Vegh, for their advice. The Board also wants to thank Jim Millard, Acting Board Secretary and Liz Doughty, Board Recording Secretary for their excellent support during this very busy year.

My term as Chair has ended and I want to thank the Board for supporting me in that role. I am pleased to welcome Nancy Bochard as the incoming Chair and look forward to her leadership in 2004.

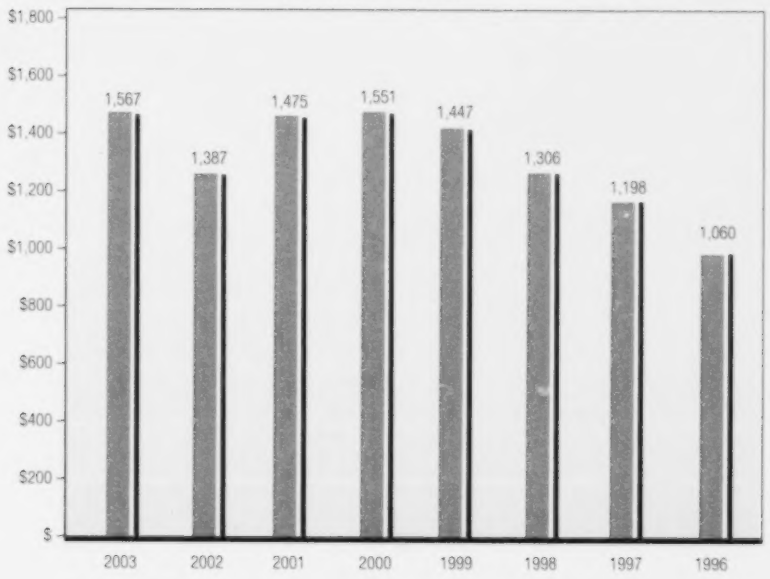


Theresa Ostrum, *Chair*
Management Employees Pension Board

Highlights Section

- For 2003, the Plan experienced a one-year investment gain of 13.7%. In 2002 investments lost 5.3%.
- Net assets available for benefits at the end of 2003 were $1.57 billion, up from $1.39 billion at the end of 2002.
- Contributions made to MEPP in 2003 totaled $56.3 million, up from $46.2 million in 2002. This included $23.8 million from active members, and $32.5 million from employers.
- Payments from MEPP totaled $64.0 million, up from $57.7 million in 2002. Payments included $61.3 million in pension benefits, $1.1 million in refunds to members, $0.2 million transferred to other plans and $1.4 million in Plan expenses.
- At year-end 2003, MEPP had 4,029 active members, 770 deferred members, and 1,837 pensioners. Compared to 2002, active members increased 9.9%, deferred members decreased 11.8% and pensioners increased 10.1%.
- The Cost of Living Adjustment (COLA) granted to pensioners who retired prior to January 1, 2003 is 3.42% effective January 1, 2004. COLA is guaranteed at 60% of the increase in the Alberta Consumer Price Index (ACPI). Under Plan rules the COLA is a measure of the change in the CPI monthly values as reported by Statistics Canada over the most recent 12 month period ending October, 2003.

Market Value - Investments ($ millions)



Monthly Payment Distribution - 2003

Dollar value per month	Pensions paid
1 to 999	188
1,000 to 1,999	335
2,000 to 2,999	458
3,000 to 3,999	520
4,000 and over	336
TOTAL	**1,837**

Discussion and Analysis

This Discussion and Analysis (D&A), together with MEPP financial statements, provide an overview of initiatives and achievements during the past year, as well as the outlook for developments in 2004 and beyond. This D&A does not refer to the Closed Plan, as the funding for that plan is the responsibility of the Government of Alberta.

Review of 2003

Plan Funding

As of December 31, 2003, the Plan's net assets available for benefits were $1.57 billion and liabilities were approximately $1.86 billion, resulting in a shortfall of approximately $290 million.

Contribution Rates

New contribution rates (shown as a percentage of pensionable salary) – based on a December 31, 2001 actuarial valuation – went into effect on April 1, 2003:

	CONTRIBUTION RATES AS AT APRIL 1, 2003	PREVIOUS CONTRIBUTION RATES
Members	9.50%	7.75%
Employers	13.10%	10.75%
Total	**22.60%**	**18.50%**

Regulation changes

The Management Employees Pension Plan Regulation (A.R. 367/93) was revised in 2003 as follows:

- Provisions were added to assist in the division of pension benefits upon marriage breakdown.
- Active members may now qualify for a pension at age 65 with less than 5 years of service.
- Rules were changed governing the coordination of the pension income with Canada Pension Plan (CPP) and Old Age Security (OAS).
- Legislation was changed to remove the requirement of MEPP to fund on a solvency basis.

The Board's view is that solvency funding adds to contribution rate instability and is not needed for public sector plans because they are not likely to terminate. To obtain more information about these changes or any upcoming changes in 2004, please go to the MEPP Web site at www.mepp.ca.

Governance review

The Board completed its review of governance in early 2003 and provided its recommendations to the Minister of Finance. The Minister has responded that she is reviewing the governance of public sector pension plans for which she is responsible and will take the Board's recommendations into consideration in that review.

Outlook for 2004

For information purposes, the Board will be conducting a plan valuation as at December 31, 2003. An actuarial valuation determines whether the Plan's present assets, along with contributions expected in the future, will meet its present and future obligations.

An asset liability study will be conducted in 2004 to provide the Board with an enhanced understanding of the expected future cash flows and liabilities of MEPP. This will assist the Board in reviewing the asset mix policy to better be assured that the MEPP assets together with future contributions will be sufficient to meet the expected future liabilities.

For further information on Board initiatives, please see the Board's 2004 - 2006 Business Plan on the MEPP Web site at www.mepp.ca.

INVESTMENTS

INVESTMENT OVERVIEW

Most equity markets around the world saw a strong recovery in 2003. However, the relative strengthening of the Canadian dollar in 2003 restricted returns on U.S. and non-North American investments when expressed in Canadian dollars. A currency hedge of 2% of the total portfolio partially offset the effect of the weakening U.S. dollar on U.S. equity investments.

MEPP earned a return of 13.7% in 2003, a considerable improvement over the results experienced in each of the previous three years. Despite strong returns in 2003, the Plan's liabilities remain in excess of its assets for an estimated shortfall of $290 million. Without an increase in funding, MEPP will need to repeat its 2003 investment performance in each of the next four years in order to eliminate this shortfall. Such sustained investment performance is not expected.

The Alberta Minister of Finance is aided in the investment management of the Plan by Alberta Investment Management, the investment operation of Alberta Revenue (IMD). IMD invests MEPP's assets for the benefit of its members, subject to legislation, and the SIP&G established by the Board.

The Board monitors the services provided to the Plan by IMD. Services provided, charges for those services and performance standards are set out in the Memorandum of Understanding between IMD and the Board.

An independent investment consultant, API Asset Performance Inc., was hired in March 2003, to assist the Board in its oversight of the investment performance of the Fund.

MEPP's asset allocation policy is structured to capture the historically higher rates of return from equities. The asset mix is weighted more to equities at 60% including 5% in real estate, with 40% allocated to fixed income. The Board has reviewed the Plan's investment policies with a focus on assessing the risk tolerance of the Plan and ways to manage the inherent volatility of the long term asset mix.

Most of MEPP's investments are managed internally by IMD. However, in order to achieve greater diversification, a majority of equity investments are managed by third party investment managers selected and monitored by IMD.

The *Income Tax Act* restricts the direct ownership of foreign investments to 30% of pension fund assets. In order to optimize the Plan's asset mix and remain in compliance with the tax act, additional exposure to foreign assets is gained through forwards, futures and swap contracts. These derivative products are used to manage MEPP's foreign equity content against the restrictions of the *Income Tax Act*.

STATEMENT OF INVESTMENT POLICIES AND GOALS

The MEPP Statement of Investment Policies and Goals (SIP&G) is reviewed and updated annually by the Board. This document sets out the governing investment principles and guidelines, giving particular consideration to the Plan's provisions, its characteristics and financial obligations. It also defines the management structure and monitoring procedures.

As part of this year's review of the SIP&G, the Board reduced the long-term investment expectation from 7.0% to 6.75% (the SIP&G can be viewed on the Web site at www.mepp.ca).

Asset Mix

The table below shows MEPP's asset mix as at December 31, 2003 in comparison with the year before.

The table shows the target policy asset mix for the Fund. This target asset mix includes a commitment of 1.5% to private equities and 1.0% to private income securities. Private income securities were added to the policy asset mix in 2003 and the private equities in 2002. Private equities and private income securities are both relatively illiquid asset classes and require time to build and exit investments. The commitments to these asset classes will be funded from Canadian public equities as investments are made.

Private income securities are structured to provide high current income. These investment opportunities could include infrastructure projects, bridge loans and corporate finance arrangements with high current income.

Private equities investment includes all forms of private placement investing i.e. venture capital and merchant banking. Venture capital investments include early stage financings and in some cases financing start-up companies. Merchant banking transactions include expansion capital, acquisition financings, management buyouts, family succession, turnaround financings, project financings and leverage reductions.

Asset Mix %

		Policy		Actual	
	Target	2003	2002	2003	2002
Fixed income					
Cash & Short term	2.0	2.0	2.0	1.1	0.7
Long term	33.0	33.0	33.0	31.3	33.2
Real Return Bonds	5.0	5.0	5.0	4.9	5.0
Total	40.0	40.0	40.0	37.3	38.9
Equities					
Canadian	22.5	25.0	25.0	26.8	25.6
United States	15.0	15.0	15.0	14.7	15.3
Non-North American	15.0	15.0	15.0	16.3	15.2
Real estate	5.0	5.0	5.0	4.7	5.0
Private equities & income	1.5	-	-	0.2	0.0
Private income	1.0	-	-	-	-
Total	60.0	60.0	60.0	62.7	61.1

Investment Results in Relation to Benchmarks

The investment return for each asset class and the overall performance of the Plan's assets are measured against clearly defined benchmarks which have been established in the SIP&G. MEPP's investment policy benchmark (referred to as the "policy benchmark") is based on the long-term asset mix weightings of a portfolio invested in the following capital market indexes:

	Annual Returns ($ Canadian)				Annualized Returns				
	2003 %	2002 %	2001 %	2000 %	1yr %	2yr %	3yr %	4yr %	8yr %
Total Fund	13.7	-5.3	-4.4	8.1	13.7	3.8	1.0	2.7	8.1
Policy Return	*12.9*	*-5.6*	*-4.1*	*7.0*	*12.9*	*3.2*	*0.7*	*2.3*	*7.8*
Consumer Price Index	*2.0*	*4.3*	*0.7*	*3.2*	*2.0*	*2.9*	*2.2*	*2.5*	*2.0*
Short-term fixed income	3.1	2.9	4.6	5.6	3.1	3.0	3.5	4.1	4.6
SC 91-Day T-Bill Index	*2.9*	*2.5*	*4.7*	*5.5*	*2.9*	*2.7*	*3.4*	*3.9*	*4.2*
Bonds and Mortgages	7.5	9.5	8.6	10.8	7.5	8.5	8.5	9.1	8.2
SC Universe Bond Index	*6.7*	*8.7*	*8.1*	*10.2*	*6.7*	*7.7*	*7.8*	*8.4*	*7.9*
Real Rate of Return Bonds	13.5	15.2	-0.4	16.9	13.5	14.4	9.2	11.1	9.3
SC Real Return Bond Index	*13.3*	*15.3*	*0.5*	*16.7*	*13.3*	*14.3*	*9.5*	*11.2*	*9.4*
Total Fixed income	8.4	10.2	7.4	11.4	8.4	9.3	8.6	9.3	8.4
Fixed Income Index	*7.6*	*9.6*	*7.1*	*10.8*	*7.6*	*8.6*	*8.1*	*8.8*	*8.1*
Canadian Equities	26.2	-12.9	-10.8	19.0	26.2	4.8	-0.7	3.9	10.9
Canadian Equity Index	*26.7*	*-12.4*	*-11.7*	*16.4*	*26.7*	*5.3*	*-0.7*	*3.4*	*10.3*
United States Equities	7.3	-22.3	-6.4	-4.1	7.3	-8.7	-8.0	-7.0	6.3
S&P 500 Index	*5.3*	*-22.9*	*-6.4*	*-5.8*	*5.3*	*-9.9*	*-8.7*	*-8.0*	*8.7*
Non-North American Equities	14.1	-15.7	-16.3	-12.7	14.1	-1.9	-7.0	-8.5	5.6
MSCI EAFE Index	*13.4*	*-16.8*	*-16.5*	*-11.2*	*13.4*	*-2.9*	*-7.7*	*-8.6*	*2.6*
Foreign Equities	10.9	-18.9	-11.5	-8.7	10.9	-5.2	-7.3	-7.7	5.6
Foreign Equity Index	*9.3*	*-19.8*	*-11.5*	*-10.1*	*9.3*	*-6.4*	*-8.1*	*-8.6*	*5.3*
Real estate	10.0	n/a	n/a	n/a	10.0	n/a	n/a	n/a	n/a
Real Estate Index	*8.1*	*n/a*	*n/a*	*n/a*	*8.1*	*n/a*	*n/a*	*n/a*	*n/a*

IMD's performance is viewed against the policy benchmark to measure the effectiveness of its decisions. Performance is reviewed quarterly with an emphasis on four-year returns.

The table above illustrates MEPP's return over various time periods compared to relevant indices.

The Plan had a return of 13.7% while the policy benchmark returned 12.9%, in 2003. On a four-year rolling basis the Plan returned 2.7%, exceeding the policy benchmark return of 2.3% over the same period. On an eight-year basis the Plan returned 8.1% out-performing the benchmark return of 7.8%.

In 2003, relative to the policy benchmark, the actual portfolio added approximately 80 basis points (0.80%) of value. This out-performance can be attributed to asset allocation (e.g. Canadian equities versus Canadian fixed income) and product performance (e.g. Canadian active equity product versus the Canadian Equity Index).

The table below shows the value added by IMD in comparison to the various components of the policy benchmark.

Value Added / Lost by Manager in Comparison to Benchmarks

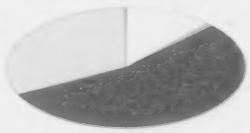
	One Year (%)	Four Year (%)
Short-term Fixed Income	0.2	0.2
Bonds and Mortgages	0.8	0.7
Real Rate of Return Bonds	0.2	-0.1
Canadian Equity	-0.5	0.5
US Equity	2.0	1.0
Non-North American Equity	0.7	0.1
Real Estate	1.9	n/a
Total Value Added	**0.8**	**0.4**

Fixed Income Investments

Over the past year bond prices were supported by an accommodative U.S. monetary policy. In the U.S., the Federal Reserve cut rates 25 basis points in the 1st quarter and opted to leave the overnight rate at 1.0% for the remainder of the year. The Bank of Canada hiked rates 25 basis points in both the 1st and 2nd quarter on inflation concerns. However, Canadian rates reversed course with a 50 basis point cut in the 3rd quarter as the rising Canadian dollar put pressure on exports. Corporate bond prices increased in the second half of 2003 as improving profits have tightened corporate spreads.

Summary of Fixed Income Holdings

MEPP's $585 million investment in fixed income securities includes bonds, mortgages, real rate of return bonds and cash. The average market yield for MEPP's fixed income securities at year-end was 4.52%.



Equity Investments

Canadian equity markets posted double-digit gains in 2003 following two years of losses. Smaller capitalization companies, as represented by the Nesbitt Burns Small Cap Index outpaced the larger cap S&P/TSX Capped Composite Index (42.7% vs. 26.7%). The large cap market was led by information technology (67.1%), as these stocks rallied from low levels in 2002. The small cap market leadership was fairly narrow with materials (62.0%), which benefited from higher commodity prices, leading other sectors.

Equity markets were also strong outside of Canada. The U.S. large cap S&P 500 Index posted an increase of 28.7% (in U.S. Dollars) in 2003, following three years of losses. From a Canadian perspective, the weakening of the U.S. dollar dramatically reduced returns to 5.3% when converted to Canadian dollars. Similar to the Canadian equity market, information technology led the large cap index. In addition, small and mid cap stocks led the larger cap names as the Russell 2500 returned 19.0% in Canadian dollars (42.3% in U.S. Dollars). The weakening of the U.S. dollar relative to the Canadian dollar was mitigated somewhat by a U.S. currency hedge of 2% of the total Fund.

Outside of North America, equity market gains were also strong, with the companies represented by the MSCI Europe, Australasia and Far East (EAFE) Index up 20.3% in local currency terms. Currency movements had a negative impact, pulling the Canadian dollar returns down to 13.4%.

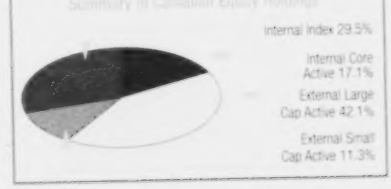
Canadian Equities

MEPP's Investments in Canadian equities totaling $421 million are managed through several strategies, including both indexed and active mandates. IMD manages the enhanced index and core active management strategies internally. External investment advisors manage the large cap active strategy (investing in companies with a large market capitalization and incorporating value, growth and core styles) and the small cap active strategy.

The total Canadian equity return was 26.2% compared to 26.7% for the Canadian Equity Index. The underperformance of the Canadian large cap product was partially offset by the Canadian small cap product. The small cap segment performed very well relative to the large cap segment of the market.

Top 10 Canadian Holdings - December 31, 2003

Company	%
Royal Bank of Canada	4.7
Bank of Nova Scotia	4.3
Toronto Dominion Bank	3.5
Petro Canada	3.1
Bank of Montreal	3.0
Encana	3.0
Alcan Inc.	2.9
BCE Inc.	2.8
Sun Life Financial Services	2.6
Cdn. Imperial Bank of Commerce	2.4



Foreign Equities

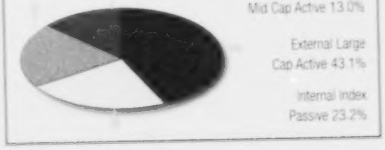
The foreign equity allocation is divided by policy into allocations to the U.S. and non-North American equity markets. Within the non-North American segment, mandates are divided into either regional (e.g. Europe), where the manager invests solely within the region, or multi-regional (e.g. Europe, Australasia and Far East – EAFE), where the manager may invest across the different regions.

U.S. Equities

At December 31, 2003, the Plan's $230 million in U.S. investments were allocated 43.9% to passive index strategies and 56.1% to active strategies. For 2003, the Plan's U.S. equity exposure returned 7.3%, out-performing the S&P 500 Index's return of 5.3% (in Canadian dollars). U.S. equity out-performance was primarily due to small/mid cap managers out-performing their large cap benchmark and the Canadian / U.S. dollar currency hedge.

Top 10 U.S. Holdings - December 31, 2003

Company	%
Pfizer Inc.	2.4
Microsoft Inc.	2.2
Citigroup Inc.	2.1
General Electric Co.	1.8
Exxon Mobil Corp.	1.5
Cisco Systems Inc.	1.4
Pepsico Inc.	1.4
American International Group Inc.	1.3
Wal-mart Stores	1.3
Intel Corp.	1.3


Internal Index Derivative 20.7%
External Small & Mid Cap Active 13.0%
External Large Cap Active 43.1%
Internal Index Passive 23.2%

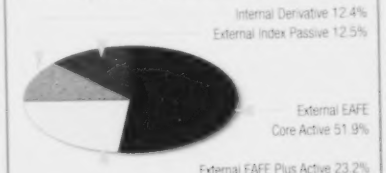
Non-North American Equities

The Plan's $255 million non-North American equity component includes exposure to developed emerging markets and, on an opportunistic basis, emerging markets. At December 31, 2003, index-based strategies comprised 24.9% of the non-North American portfolio. External active managers invested 75.1% of the portfolio.

The Plan's non-North American equity exposure returned 14.1% in 2003 while the MSCI EAFE Index returned 13.4% (in Canadian dollar terms).

Top 10 Non-North American Holdings
December 31, 2003

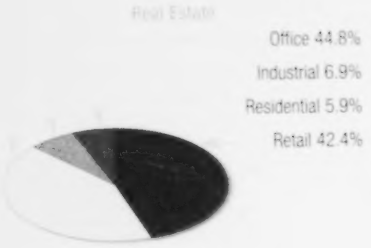
Company	%
Vodafone Group	2.3
Total SA	2.0
Nestle SA	1.8
BP PLC	1.6
UBS AG	1.4
Novartis AG	1.3
Glaxosmithkline	1.2
ENI	1.1
Aventis SA	1.1
Credit Suisse GRP	1.0

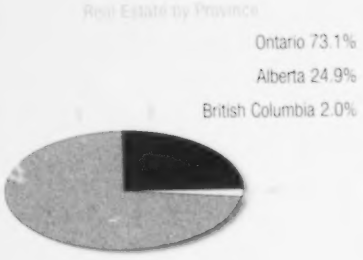


Real Estate

The Plan's $73 million real estate component provides diversification relative to the equity and fixed income investments. Investments are primarily in a mix of retail, office, residential and industrial properties in major Canadian urban areas including Toronto, Ottawa, Calgary, Edmonton and Vancouver. The focus is on quality, featuring strong locations and tenants.

The real estate return in 2003 was 10.0% versus 8.1% for the IPD All Property Index.





Looking Forward

Bonds

Interest rates in North America are currently sitting at multi-year lows, yet the recovery/expansion remains somewhat uncertain. Canada may under-perform the U.S. on Gross Domestic Product (GDP) growth as a result of a stronger Canadian dollar, leading to the possibility that the Bank of Canada may cut interest rates in 2004. In the U.S., it is generally thought that the central bank will err on the side of being accommodative with low interest rates, rather than prematurely dampening the expansion through rate hikes. This view is further reinforced by a lack of any serious inflation pressures in the near term.

Given a scenario of U.S. interest rate hikes in late 2004 and early 2005 several events could occur. The very steep yield curves in the U.S. and Canada would begin to flatten as short-term interest rates rise. Canadian and U.S. interest rate spreads would start to compress leading to Canadian bonds outperforming U.S. fixed income securities.

Equities

Central banks around the world may start to rein in fiscal and monetary stimulus in the latter parts of 2004 as international economies show signs of sustainable strength. Real GDP growth expectations in the U.S. of approximately 4% in 2004 hinge on strong U.S. export growth and business investment. Growth may be less than forecasted as a result of several structural issues in the U.S. such as high current account deficits and debt levels. Given a backdrop of improving global demand and a weak U.S. dollar, commodity prices should have a strong performance, especially in U.S. dollar terms.

Currently, the U.S. equity market is trading at approximately 19 times forward earnings implying that the market has already accounted for the forecasted improvement in the economy and profits growth. Therefore, returns are probably limited to low single digits in 2004 with vulnerability to the downside if growth expectations are not met. Further risks exist as the investor begins to focus on 2005 and beyond where fiscal stimulus may be removed and the prospect for increased interest rates loom.

Real Estate

Economic growth in Canada may be dampened by a stronger than expected Canadian dollar. Exporting companies in particular may see a decline in revenues and could start to restructure operations to increase productivity. The result may be a further softening in demand for office and industrial space in 2004.

Continued low interest rates are fueling a strong first time homebuyer housing market that has contributed to an increase in apartment vacancy rates in most major markets. The result has been a softening of rents, although this is expected to be a short-term phenomenon. The demand for rental accommodation is projected to remain strong due to favorable demographics.

Inflation

Inflation in both Canada and the U.S. remained low in 2003, keeping in line with the downward trend in North American inflation over the past 20 years. As of December 31, 2003, Canada CPI was at 2.0% and U.S. CPI was at 1.9%. Despite the strengthening in economic activity in 2003, excess capacity remains in many North American industries. This, coupled with an increase in labour productivity, should exert ongoing downward pressure on inflation for the near future.

Plan Administration

Alberta Pensions Administration (APA) Corporation provides administrative services to MEPP under a contract with the administrator of the Plan, the Minister of Finance. The Corporation's core business is to provide benefit administration for pension plan members, employers and pensioners by paying pension benefits, collecting pension plan contributions, maintaining membership records and providing information to members, pensioners and employers. The Corporation also provides support services to the pension boards.

Technology

Ensuring the provision of accurate and timely pension payments and information for MEPP's members is a primary objective of the Board. With technology increasingly driving pension services, the Board is pleased to be supporting a new pension administration system which was implemented for MEPP in 2003. Known as the APEX project, it is based on advanced technology systems and a Web-based infrastructure, and will enable the Corporation to provide enhanced, accurate, and timely information to Plan members and employers.

APA Corporation also implemented employer online services. This Web-based interface allows employers to submit data and interact with the Corporation electronically. Employer online services will be enhanced in 2004.

Member Service Costs

APA Corporation's costs are distributed amongst the public sector pension plans it serves. MEPP per member costs are based on a cost share formula which allocates APA Corporation operating costs according to pension plan membership (active and deferred members and pensioners).

Total plan operating costs have increased which have driven MEPP per member costs up by 17%. This change is a result of:

- amortization of APEX project costs,
- cost share formula changes, due to a reduction in the number of pension plans APA Corporation serves
- increased work volumes, APEX stabilization, and
- inflationary pressures.

Cost/Member	2003 Actual	2002 Actual
APA Corporation Operating Costs	$138	$99
APEX and Process Improvements Costs	$36	$40
Board and Plan Specific Costs	$40	$44
Total Plan Operating Costs	$214	$183

Communication and Education Services

In 2003, the Corporation provided the following services for MEPP members:

- Delivered Member Annual Statements for 2002 through the new pension administration system.
- Delivered member enrolment packages to 282 new MEPP members and pension information services in response to 3,671 enquiries.
- Conducted 9 employee seminars for 144 MEPP members. In addition to these seminars, 71 one-on-one consultations with members were conducted.

For further information on APA Corporation's activities for 2003, please go to APA Corporation's Web site at www.apaco.ab.ca.

Management's Responsibility for Financial Reporting

The Management Employees Pension Plan (Plan) financial statements and financial information in the 2003 Annual Report are the responsibility of the Minister of Finance. These responsibilities are undertaken on behalf of the Minister of Finance by:

- Alberta Investment Management, the investment operation of Alberta Revenue (IMD), which is responsible only for the management of assets, subject to legislation and to the investment policies and goals approved by the Board, and
- Alberta Pensions Administration (APA) Corporation, which is responsible for administration of the Plan under an Administrative Services Agreement with the Minister of Finance.

The financial statements and information in the annual report have been approved by the Board.

The financial statements have been prepared by Alberta Finance in conformity with Canadian generally accepted accounting principles and, of necessity, include some amounts that are based on estimates and judgments. Financial information presented in the 2003 Annual Report that relates to the operations and financial position of the Plan is consistent with that in the financial statements.

To discharge their responsibility for the integrity and objectivity of financial reporting, Alberta Finance, APA Corporation and Alberta Investment Management each maintain a system of internal controls comprising written policies, standards and procedures, and a formal accountability structure.

These systems are designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Auditor General of Alberta, the Plan's external auditor, provides an independent audit of operations, investments, and financial statements.

Peter Kruselnicki, P.Eng.
Deputy Minister of Finance

Robert Bhatia
Deputy Minister of Revenue

David Smith, CA
Chief Executive Officer
Alberta Pensions Administration Corporation

March 9, 2004

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Minister of Finance

I have audited the Statement of Net Assets Available for Benefits and Accrued Benefits of the Management Employees Pension Plan (the Plan) as at December 31, 2003 and the Statements of Changes in Net Assets Available for Benefits, Changes in Accrued Benefits and Changes in Deficiency for the year then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the Net Assets Available for Benefits and Accrued Benefits of the Plan as at December 31, 2003 and the Changes in Net Assets Available for Benefits, Changes in Accrued Benefits and Changes in Deficiency for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn, FCA
Auditor General

Edmonton, Alberta
March 9, 2004

Actuary's Opinion

Aon Consulting Inc. was retained by the Management Employees Pension Board to perform an actuarial valuation of the assets and liabilities of the Management Employees Pension Plan as of December 31, 2002. Aon Consulting Inc. was further retained to prepare an extrapolation of the valuation results to December 31, 2003, for inclusion in the Annual Report with respect to the Management Employees Pension Plan for the year ended December 31, 2003.

The valuation and extrapolation of the Plan's actuarial assets and liabilities were based on:

- Membership data provided by Alberta Pensions Administration Corporation (the Corporation) as at December 31, 2002, and asset data provided by the Corporation as at December 31, 2002 and December 31, 2003.
- Methods prescribed by the Canadian Institute of Chartered Accountants for pension plan financial statements; and
- Assumptions about future events (economic and demographic), which were developed by management and Aon Consulting Inc. and are considered as management's best estimate of these events.

While the actuarial assumptions used to estimate liabilities for the Plan's financial statements contained in the Annual Report represent management's best estimate of future events, and while in our opinion these assumptions are reasonable, the Plan's future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plan.

I have tested the data for reasonableness and consistency with prior valuations and in my opinion the data is sufficient and reliable for the purposes of the valuation and the extrapolation. I also believe that the methods employed in the valuation and extrapolation and the assumptions used are, in aggregate, appropriate. My opinions have been given, and my valuation and extrapolation have been performed in accordance with accepted actuarial practice.

Wayne R. Berney
Fellow, Canadian Institute of Actuaries
Fellow, Society of Actuaries

February 23, 2004

FINANCIAL STATEMENTS

MANAGEMENT EMPLOYEES PENSION PLAN

Statement of Net Assets Available for Benefits and Accrued Benefits

As at December 31, 2003

	2003	2002
	($ thousands)	
Net Assets Available For Benefits		
Assets		
Investments (Note 3)	$ 1,566,939	$ 1,386,573
Accrued investment income and accounts receivable	451	375
Contributions receivable		
Employees	2,003	1,818
Employers	2,761	2,523
	1,572,154	1,391,289
Liabilities		
Accounts payable	240	708
Net assets available for benefits	1,571,914	1,390,581
Accrued Benefits		
Actuarial value of accrued benefits	1,861,928	1,692,549
Deficiency	**$ (290,014)**	**$ (301,968)**

See accompanying notes and schedules.

MANAGEMENT EMPLOYEES PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31, 2003

	2003	2002
	($ thousands)	
Net investment income (loss) (Note 6)		
Investment income (loss)	$ 190,938	$ (76,107)
Investment expenses	(1,930)	(1,868)
	189,008	(77,975)
Member service operations		
Contributions		
Current and optional service		
Employees	23,782	20,241
Employers	32,515	25,989
Pension benefits	(61,296)	(54,714)
Refunds to members	(1,143)	(1,603)
Transfers to other plans, net	(170)	(293)
Member service expenses (Note 7)	(1,363)	(1,105)
	(7,675)	(11,485)
Increase (Decrease) in net assets	181,333	(89,460)
Net assets available for benefits at beginning of year	1,390,581	1,480,041
Net assets available for benefits at end of year	**$ 1,571,914**	**$ 1,390,581**

See accompanying notes and schedules.

MANAGEMENT EMPLOYEES PENSION PLAN

Statement of Changes in Accrued Benefits

For the year ended December 31, 2003

	2003	2002
	($ thousands)	
Increase in accrued benefits		
Interest accrued on benefits	$ 114,351	$ 112,587
Benefits earned	56,524	47,500
	170,875	160,087
Decrease in accrued benefits		
Benefits paid and transfers	(62,608)	(56,853)
Other changes in accrued benefits (Note 8)		
Changes in actuarial assumptions	60,165	71,896
Net experience (gains) losses	(14,493)	42,716
Change in the maximum pensionable salary limit	15,440	-
	61,112	114,612
Net increase in accrued benefits	169,379	217,846
Accrued benefits at beginning of year	1,692,549	1,474,703
Accrued benefits at end of year (Note 8)	**$ 1,861,928**	**$ 1,692,549**

See accompanying notes and schedules.

MANAGEMENT EMPLOYEES PENSION PLAN

Statement of Changes in Deficiency

For the year ended December 31, 2003

	2003	2002
	($ thousands)	
(Deficiency) surplus at beginning of year	$ (301,968)	$ 5,338
Increase (Decrease) in net assets available for benefits	181,333	(89,460)
Net increase in accrued benefits	(169,379)	(217,846)
Deficiency at end of year	**$ (290,014)**	**$ (301,968)**

See accompanying notes and schedules.

MANAGEMENT EMPLOYEES PENSION PLAN

Notes to the Financial Statements

December 31, 2003

Note 1 Summary Description of the Plan

The following description of the Management Employees Pension Plan (the Plan) is a summary only. For a complete description of the Plan, reference should be made to the *Public Sector Pension Plans Act*, Chapter P-41, Revised Statutes of Alberta 2000 and Alberta Regulation 367/93, as amended.

(a) General

The Plan is a contributory defined benefit pension plan for eligible management employees of the Province of Alberta and certain approved provincial agencies and public bodies. Members of the former Public Service Management Pension Plan who were active contributors at August 1, 1992 and have not withdrawn from the Plan since that date continue as members of this Plan. The Plan is a registered pension plan as defined in the *Income Tax Act*. The Plan's registration number is 0570887.

(b) Funding Policy

Current service costs and the Plan's actuarial deficiency (see Note 9) are funded by employee and employer contributions at rates which together with investment earnings are expected to provide for all benefits payable under the Plan. The rates in effect at December 31, 2003 were 9.5% (2002: 7.75%) of pensionable salary for employees and 13.1% (2002: 10.75%) for employers. The rates are reviewed at least once every three years by the Minister of Finance based on recommendations of the Plan's actuary.

(c) Retirement Benefits

The Plan provides a pension of 2.0% for each year of pensionable service based on the average salary of the highest five consecutive years. Pensionable earnings after December 31, 1991 are capped at the *yearly maximum pensionable earnings limit* as defined by the federal *Income Tax Act*. The maximum service allowable under the Plan is 35 years.

Members are entitled to an unreduced pension on service before 1992 if they have attained age 55 and have at least five years of service.

Note 1 Summary Description of the Plan (continued)

(c) Retirement Benefits (continued)

Members are entitled to an unreduced pension on service after 1991 if they retire with at least five years of service and have either attained age 60 or age 55 and the sum of their age and years of service equals 80. Pensions on service after 1991 are reduced if the member is under age 60 and the 80 factor is not attained.

(d) Disability Benefits

Pensions are payable to members who become totally disabled and retire early with at least five years of service. Reduced pensions are payable to members who become partially disabled and retire early with at least five years of service.

(e) Death Benefits

Death benefits are payable on the death of a member. If the member has at least five years of service, a surviving pension partner may choose to receive a survivor pension, or a lump sum payment. For a beneficiary other than a pension partner, or where service is less than five years, the benefits take the form of a lump sum payment.

(f) Termination Benefits

Members who terminate with fewer than five years of service receive a refund of their contributions plus interest.

Members who terminate with more than five years of service and are not immediately entitled to a pension may apply for a refund or a deferred pension. A refund is based on contributions and interest in relation to service before 1992 and commuted value for service after 1991. Refunds are subject to the Plan's lock-in provisions.

(g) Optional Service and Transfers

All optional service purchases are to be cost-neutral to the Plan.

Reciprocal agreements provide that transferred-in service be on an actuarial reserve basis and transfers out receive the greater of the termination benefits or commuted value for all service.

Note 1 Summary Description of the Plan (continued)

(h) Cost-of-Living Adjustments

Pensions payable are increased on January 1st of each year by an amount equal to at least 60% of the average of the increases in the Alberta Consumer Price Index in the twelve-month period ending on October 31st of the previous year.

(i) Guarantee

The Province of Alberta guarantees payment of all benefits arising from service before 1994.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These financial statements are prepared on the going concern basis in accordance with Canadian generally accepted accounting principles. The statements provide information about the net assets available in the Plan to meet future benefit payments and are prepared to assist plan members and others in reviewing the activities of the Plan for the year.

Except for real rate of return bonds which are held directly by the Plan, Plan investments are held in pooled investment funds administered by Alberta Revenue or external managers appointed by Alberta Revenue. Pooled investment funds have a market-based unit value that is used to allocate income to pool participants and to value purchases and sales of pool units.

(b) Valuation of Assets and Liabilities

Investments are stated at fair value. The methods used to determine the fair value of investments held either by the Plan or by pooled investment funds are explained in the following paragraphs:

(i) Short-term securities, public fixed income securities and equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Valuation of Assets and Liabilities (continued)

(ii) Private fixed income securities and mortgages are valued based on the net present value of future cash flows. These cash flows are discounted using Government of Canada bond rates adjusted for a risk premium estimated by investment managers of Alberta Revenue.

(iii) The fair value of private equities is estimated by Alberta Revenue using methods such as cost, discounted cash flows, earnings multiples, prevailing market values for instruments with similar characteristics and other pricing models as appropriate.

(iv) Real estate investments are reported at their most recent appraised value net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers using methods such as replacement cost, discounted cash flows, earnings multiples, prevailing market values for properties with similar characteristics and other pricing models as appropriate.

(v) The fair values of deposits, receivables, accrued investment income and payables are estimated to approximate their book values.

(c) Income Recognition

Dividends are accrued on the ex-dividend date. Income from other investments is accrued as earned. Gains or losses on investments are recognized concurrently with changes in fair value.

(d) Foreign Exchange

Foreign currency transactions are translated into Canadian dollars using average rates of exchange except for hedged foreign currency transactions, which are translated at rates of exchange established by the terms of the forward exchange contracts. At year-end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated at the year-end exchange rate. Exchange differences are included in the determination of net investment income.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(e) Valuation of Derivative Contracts

Derivative contracts (see Note 5) include equity and bond index swaps, interest rate swaps, forward foreign exchange contracts, equity index futures contracts, credit default swaps and cross-currency interest rate swaps. The value of derivative contracts is included in the fair value of pooled investment funds. The estimated amount receivable or payable from derivative contracts at the reporting date is determined by the following methods:

(i) Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest.

(ii) Interest rate swaps are valued based on discounted cash flows using current market yields.

(iii) Forward foreign exchange contracts and equity index futures contracts are based on quoted market prices.

(iv) Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities.

(v) Cross-currency interest rate swaps are valued at quoted prices based on discounted cash flows using current market yields and year-end exchange rates.

Income and expense from derivative contracts are accrued as earned and included in net investment income. Gains and losses on forward foreign exchange contracts are recognized concurrently with changes in fair value.

(f) Measurement Uncertainty

In preparing these financial statements, estimates and assumptions are used in circumstances where the actual values are unknown. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty exists in the calculation of the Plan's actuarial value of accrued benefits. Uncertainty arises because the Plan's actual experience may differ, perhaps significantly, from assumptions used in the calculation.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(f) Measurement Uncertainty (continued)

While best estimates have been used in the calculation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed as assumption or other changes and net experience gains or losses in the statement of changes in accrued benefits.

Note 3 Investments (Schedules A to E)

	2003 Fair Value ($ thousands)	%	2002 Fair Value ($ thousands)	%
Fixed Income Securities (Schedule A)				
Deposit in the Consolidated Cash Investment Trust Fund (a)	$ 17,784	1.1	$ 9,889	0.7
Canadian Dollar Public Bond Pool (b)	416,281	26.6	405,698	29.3
Real rate of return bonds (c)	76,810	4.9	69,627	5.0
Private Mortgage Pool (d)	74,164	4.7	54,599	3.9
Total fixed income securities	585,039	37.3	539,813	38.9
Canadian Equities (Schedule B)				
External Managers				
Canadian Large Cap Equity Pool (e)	176,303	11.3	132,203	9.6
Canadian Small Cap Equity Pool (e)	47,117	3.0	20,503	1.5
Domestic Passive Equity Pooled Fund (f)	123,569	7.9	106,634	7.7
Canadian Pooled Equities Fund (g)	71,618	4.6	91,714	6.6
Private Equity Pool (h)	1,928	0.1	2,632	0.2
	420,535	26.8	353,686	25.6
United States Equities (Schedule C)				
External Managers				
US Large Cap Equity Pool (i)	99,316	6.3	93,373	6.7
US Passive Equity Pool	-	-	52,573	3.8
US Mid/Small Cap Equity Pool (i)	29,816	1.9	13,839	1.0
S&P 500 Pooled Index Fund (j)	53,493	3.4	-	-
US Passive Equity Pooled Fund (j)	47,599	3.1	52,361	3.8
United States Pooled Equities Fund	-	-	47	-
	230,224	14.7	212,193	15.3
Non-North American Equities (Schedule D)				
External Managers				
EAFE Core Equity Pool (k)	132,448	8.5	101,308	7.3
EAFE Plus Equity Pool (k)	59,305	3.8	50,460	3.6
EAFE Passive Equity Pool (l)	31,954	2.0	35,825	2.6
EAFE Structured Equity Pooled Fund (l)	31,544	2.0	22,986	1.7
	255,251	16.3	210,579	15.2
Alternative Investments - Equities				
Private Equity 2002 and Income Pools (m)	2,978	0.2	522	-
Real Estate Equities (Schedule E)				
Private Real Estate Pool (n)	72,912	4.7	69,780	5.0
Total equities	981,900	62.7	846,760	61.1
Total investments	**$ 1,566,939**	**100.0**	**$ 1,386,573**	**100.0**

Note 3 Investments (Schedules A to E) (continued)

(a) The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years.

(b) The Canadian Dollar Public Bond Pool is managed with the objective of providing competitive returns comparable to the total return of the Scotia Capital Universe Bond Index over a four-year period while maintaining adequate security and liquidity of participants' capital. The portfolio is comprised of high quality Canadian fixed income instruments and debt related derivatives. Competitive returns are achieved through management of the portfolio duration and sector rotation.

(c) Real rate of return bonds are issued or guaranteed by the Government of Canada and bear interest at a fixed rate adjusted for inflation.

(d) The Private Mortgage Pool is managed with the objective of providing investment returns higher than the Scotia Capital Universe Bond Index over the long term. The portfolio is comprised primarily of high-quality commercial mortgage loans and provincial bond residuals. To limit investment risk, the pool only invests in loans insured by a federal agency and first-mortgage loans that provide diversification by property usage and geographic location.

(e) The External Managers Canadian Large Cap and Small Cap Equity Pools consist of multiple portfolios of publicly traded Canadian equities. Each portfolio is actively managed by an external manager with expertise in the Canadian large cap or small cap equity markets. The Small Cap Pool is restricted to investing in publicly traded Canadian equities with a market capitalization of up to 0.15% of the Toronto Stock Exchange S&P/TSX Composite Index total market capitalization at time of purchase. The performance objective is to provide investment returns higher than the total return of the S&P/TSX Composite Index over a four-year period while reducing return volatility through multiple manager investment style and unique market capitalization focus.

(f) The Domestic Passive Equity Pooled Fund is managed on a passive approach with the objective of providing investment returns comparable to the total return of the S&P/TSX Composite Index. The portfolio is comprised of both publicly traded Canadian equities and structured investments replicating the S&P/TSX Composite Index.

(g) The Canadian Pooled Equities Fund is managed with the objective of providing returns higher than the total return of the S&P/TSX Composite Index while maintaining preservation of participants' capital. The portfolio is comprised of publicly traded equities in Canadian corporations and is designed to reduce risk by prudent security selection and sector rotation.

(h) The Private Equity Pool is in the process of orderly liquidation.

Note 3 Investments (Schedules A to E) (continued)

(i) The External Managers US Large Cap Equity Pool consists of multiple portfolios and the External Managers US Mid/Small Cap Equity Pool consists of a single portfolio of publicly traded United States equities. Each portfolio is actively managed by an external manager with expertise in the US large cap or mid/small cap equity markets. The performance objective is to provide returns higher than the total return of the Standard & Poor's S&P 500 Index for the US Large Cap Pool and the Russell 2500 Index for the US Mid/Small Cap Pool over a four-year period while reducing return volatility through multiple manager investment style and unique market capitalization focus.

(j) The S&P 500 Pooled Index Fund and the US Passive Equity Pooled Fund are passively managed. The portfolios are comprised of publicly traded United States equities similar in weights to the S&P 500 Index. The performance objective is to provide investment returns comparable to the total return of the S&P 500 Index. The pools utilize a combination of pure security replication and synthetic replication strategies to obtain exposure to the benchmark. To enhance investment returns with no substantial increase in risks, the pools also invest in futures, swaps and other structured investments.

(k) The External Managers EAFE (Europe, Australasia and Far East) Core and Plus Equity Pools consist of multiple portfolios of publicly traded Non-North American equities. Each Core portfolio is actively managed by an external manager and has constraints on foreign currency management and deviations from the Morgan Stanley Capital International (MSCI) EAFE Index asset mix by country. The Plus portfolios are actively managed by external managers with less constraints on country allocation, stock selection, currency management and investments in emerging markets. The performance objective is to provide investment returns higher than the total return of the MSCI EAFE Index over a four-year period while reducing return volatility through multiple manager investment style and market diversification.

(l) The External Managers EAFE Passive Equity Pool and the EAFE Structured Equity Pooled Fund's performance objective is to provide returns comparable to the total return of the MSCI EAFE index over a four-year period. The External Managers EAFE Passive Equity Pool consists of a single portfolio of Non-North American publicly traded equities similar in weights to the MSCI EAFE index. The EAFE Structured Equity Pooled Fund is internally managed and provides exposure to foreign markets in Europe, Australasia and the Far East through the use of structured investments such as foreign equity index swaps. The pooled fund also invests in the Floating Rate Note Pool to generate the floating rate cash flows needed for its equity swap obligations.

Note 3 Investments (Schedules A to E) (continued)

(m) The Private Equity Pool 2002 is managed with the objective of providing investment return comparable to the S&P/TSX Composite Index plus 2.5% over the long term. The pool invests in institutionally sponsored Canadian private equity pools managed by experienced advisors with proven records. Risk is reduced by avoiding direct investments in private companies and by limiting holdings in any single pool. The Private Income Pool is managed with the objective of providing investment return comparable to the Consumer Price Index plus 6% over the long term. The pool invests in infrastructure related projects that are structured to provide high current income.

(n) The Private Real Estate Pool is managed with the objective of providing investment returns higher than the Investment Property Databank (IPD) Large Institutional All Property Index over the long term. Real estate is held through intermediate companies, which have issued to the pool common shares and participating debentures secured by a charge on real estate. Risk is reduced by investing in properties that provide diversification by geographic location, by property type and by tenancy. The pool is intended to provide diversification from the securities market.

Note 4 Investment Risk Management

Fair values of investments are exposed to credit risk and price risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk relates to the possibility that the investments will change in value due to future fluctuations in foreign exchange rates. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

Actuarial liabilities of the Plan are primarily affected by the long term real rate of return expected to be earned on investments. The expected rate of return on investments, together with the expected long term inflation rate, form the basis for determining the economic assumptions used in calculating the actuarial liabilities. In order to earn the best possible return at an acceptable level of risk, the Board has established a benchmark policy asset mix of 40% fixed income instruments and 60% equities. Risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments, and restrictions on amounts exposed to countries designated as emerging markets. Controls are in place respecting the use of derivatives (see Note 5). Forward foreign exchange contracts may be used to manage currency exposure in connection with securities purchased in a foreign currency (see Note 5).

Note 5 Derivative Contracts

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or currency rates. The Plan uses derivative contracts held indirectly through pooled investment funds to enhance return, manage exposure to credit, interest and foreign currency risks, and for asset mix management purposes. The notional value of a derivative contract represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows.

A swap is a contractual agreement between two counter-parties to exchange a series of cash flows based on a notional amount. An equity or bond index swap involves the exchange of a floating interest rate cash flow for one based on the performance of a market index. For interest rate swaps, parties generally exchange fixed and floating rate interest cash flows based on a notional amount. For credit default swaps, parties buy and sell insurance against credit risks inherent in bonds. Periodic payments, based on a notional amount, are exchanged for a contingent payment following a defined credit event of a reference entity. Cross-currency interest rate swaps are contractual obligations in which the principal amounts of Canadian fixed-income securities denominated in foreign currency are exchanged for Canadian currency amounts both initially and at maturity. Over the term of the cross-currency swap, counter-parties exchange fixed to fixed and fixed to floating interest rate cash flows in the swapped currencies. There are underlying securities supporting all swaps. Leveraging is not allowed.

Forward foreign exchange contracts are agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

Equity index futures contracts are agreements to receive or pay cash on an agreed settlement date based on changes in the level of a specified stock index in the future.

The following is a summary of the Plan's proportionate share of the notional amount and fair value of derivative contracts held by pooled funds at December 31, 2003:

Note 5 Derivative Contracts (continued)

	2003					2002	
	Maturity				Net		Net
	Under 1 Year	1 to 3 Years	Over 3 Years	Notional Amount	Fair Value (a)	Notional Amount	Fair Value (a)
	%			($ thousands)			
Equity index swap contracts	79	21	-	$ 173,631	$ 6,901	$ 127,642	$ 2,330
Interest rate swap contracts	37	57	6	91,375	(4,039)	53,492	(2,845)
Cross-currency interest rate swap contracts	12	40	48	59,519	(5,038)	62,568	(10,777)
Bond index swap contracts	100	-	-	6,704	10	7,380	64
Forward foreign exchange contracts	100	-	-	6,070	42	39,817	184
Credit default swap contracts	-	100	-	3,812	(47)	-	-
Equity index futures contracts	100	-	-	1,895	205	-	-
				$ 343,006	$ (1,966)	$ 290,899	$ (11,044)

(a) The method of determining fair value of derivative contracts is described in Note 2 (e).

The notional amounts, upon which payments are based, are not indicative of the credit risk associated with derivative contracts. Current credit exposure is represented by the current replacement cost of all outstanding contracts in a favourable position (positive fair value). The Plan attempts to limit its credit exposure by dealing with counter-parties believed to have good credit standing.

Note 6 Net Investment Income (Loss)

Net investment income (loss) of the Plan is comprised of the following:

	2003	2002
	($ thousands)	
Investment income (loss)		
Net realized and unrealized gains (losses) on investments, including those arising from derivative transactions	$ 135,925	$ (129,533)
Interest income	36,992	38,275
Dividend income	13,664	12,019
Real estate income	3,958	2,836
Securities lending income	399	296
	190,938	(76,107)
Investment expenses	(1,930)	(1,868)
Net investment income (loss)	**$ 189,008**	**$ (77,975)**

The following is a summary of the Plan's proportionate share of net investment income (loss) by type of investments:

	2003	2002
	($ thousands)	
Fixed Income Securities	$ 44,055	$ 53,384
Canadian Equities	88,091	(49,624)
Foreign Equities		
United States	15,924	(51,122)
Non-North American	34,008	(32,878)
Alternative Investments - Equities	121	(611)
Real Estate Equities	6,809	2,876
	$ 189,008	**$ (77,975)**

Investment expenses totalling $1,930,000 (2002 $1,868,000) are included in the calculation of Plan's investment performance results, which are as follows:

Note 6 Net Investment Income (Loss) (continued)

	One-Year Return	Two-Year Compound Annualized Return	Four-Year Compound Annualized Return	Eight -Year Compound Annualized Return
Timed-weighted rates of return*				
Overall Plan	13.7%	3.8%	2.7%	8.1%
Policy Benchmark**	12.9%	3.2%	2.3%	7.8%

* The measure involves the calculation of the net return realized by the Plan over a specified period and is a measure of the total proceeds received from an investment dollar initially invested. Total proceeds include cash distributions (interest and dividend payments) and capital gains and losses (realized and unrealized).

** The policy benchmark return is a product of the weighted average policy sector weights and sector returns.

Note 7 Member Service Expenses

Member service expenses including Board costs in the amount of $48,000 (2002 $51,000) were charged to the Plan on a cost-recovery basis.

Note 8 Accrued Benefits

(a) Actuarial Valuation

An actuarial valuation of the Plan was carried out as at December 31, 2002 by Aon Consulting Inc. and was extrapolated to December 31, 2003. The 2002 valuation was completed after the financial statements of the Plan for 2002 were released. As a result, the differences between the actuarial valuation and extrapolation results for 2002 are accounted for as changes in actuarial assumptions, change in the maximum pensionable salary limit and net experience gains in 2003.

Actuarial valuations were determined using the projected benefit method prorated on service. The assumptions used in the valuations and extrapolations were developed as the best estimates of expected short term and long term market conditions and other future events. The 2002 valuation took into account the impact of increases in the maximum pensionable salary permitted under an amendment to the *Income Tax Act* which received Royal Assent on June 19, 2003. After consultation with the Plan's actuary, the Board approved these best estimates.

The major assumptions used were:

	2002 Valuation and 2003 Extrapolation %	2001 Valuation and 2002 Extrapolation %
Asset real rate of return	4.0	4.25
Inflation rate	2.75	2.75
Investment rate of return	6.75	7.0
Salary escalation rate*	3.25	3.25

* In addition to merit and promotion.

Note 8 Accrued Benefits (continued)

(b) Sensitivity of Changes in Major Assumptions

The Plan's future experience will inevitably differ, perhaps significantly, from the assumptions used in the actuarial valuation and extrapolation. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations and will affect the financial position of the Plan.

The following is a summary of the sensitivities of the Plan's deficiency and current service cost to changes in assumptions used in the actuarial extrapolation at December 31, 2003:

	Sensitivities		
	Changes in Assumptions %	Increase in Plan Deficiency ($ millions)	Increase in Current Service Cost as a % Pensionable Earnings *
Inflation rate increase holding nominal investment return and salary escalation assumptions constant	1.0%	$ 143	1.5%
Salary escalation rate increase holding inflation rate and nominal investment return assumptions constant	1.0%	39	1.0%
Investment rate of return decrease holding inflation rate and salary escalation assumptions constant	(1.0%)	301	4.3%

* The current service cost as a % of pensionable earnings as determined by the December 31, 2002 valuation was 21.9%

Note 9 Funding Valuation and Extrapolation

The Plan's deficiency is determined on the fair value basis for accounting purposes. For funding valuation and extrapolation purposes, asset values are adjusted for fluctuations in fair values to moderate the effect of market volatility on the Plan's funded status. Actuarial asset values for funding valuation and extrapolation purposes amounted to $1,536.9 million at December 31, 2003 (2002 $1,498.9 million).

In accordance with the Public Sector Pension Plans Act, the actuarial deficiency of $49.2 million as determined by an actuarial funding valuation as at December 31, 2001 is funded by a special payment of 2.1% of pensionable earnings shared between employees and employers commencing on April 1, 2003 and continuing for 15 years from the date of valuation to December 31, 2016. The special payment is included in the rates in effect at December 31, 2003 (see Note 1(b)).

An actuarial valuation as at December 31, 2002 indicated an increase in annual funding of approximately $21 million commencing in 2004 and continuing until 2017. The next actuarial funding valuation is required no later than December 31, 2004 (see Note 1(b)). The Board will continue to monitor the Plan's financial position on an annual basis.

Note 10 Comparative Figures

Comparative figures have been restated to be consistent with 2003 presentation.

Note 11 Responsibility for Financial Statements

These financial statements were prepared by management and approved by the Management Employees Pension Board.

Schedule A

MANAGEMENT EMPLOYEES PENSION PLAN
Schedule of Investments in Fixed Income Securities
December 31, 2003

	Plan's Share	
	2003	2002
	($ thousands)	
Deposits and short-term securities	$ 20,065	$ 11,992
Fixed income securities (a)		
Public		
Government of Canada, direct and guaranteed	182,515	168,486
Provincial		
Alberta, direct and guaranteed	318	956
Other, direct and guaranteed	66,990	80,988
Municipal	6,383	7,912
Corporate	193,278	171,147
Private		
Corporate	115,177	93,767
	564,661	523,256
Receivable from sale of investments and accrued investment income	5,410	4,726
Liabilities for investment purchases	(5,097)	(161)
	313	4,565
	$ 585,039	**$ 539,813**

(a) Fixed income securities held as at December 31, 2003 had an average effective market yield of 4.52% per annum (2002: 4.86% per annum). The following term structure of these securities as at December 31, 2003 was based on principal amount:

	2003	2002
	%	
under 1 year	3	2
1 to 5 years	33	30
6 to 10 years	27	28
11 to 20 years	11	16
over 20 years	26	24
	100	**100**

Schedule B

MANAGEMENT EMPLOYEES PENSION PLAN
Schedule of Investments in Canadian Equities
December 31, 2003

	Plan's Share	
	2003	2002
	($ thousands)	
Deposits and short-term securities	$ 4,328	$ 3,792
Public equities (a) (b)		
Consumer discretionary	34,514	28,416
Consumer staples	20,262	14,457
Energy	59,460	52,365
Financials	118,917	104,344
Health care	10,564	10,394
Industrials	44,418	29,745
Information technology	23,839	17,178
Materials	68,922	56,451
Telecommunication services	19,096	17,539
Utilities	9,484	11,099
	409,476	341,988
Passive index	745	2,308
	410,221	344,296
Private Equity Pool	1,928	2,632
Receivable from sale of investments and accrued investment income	4,845	4,026
Liabilities for investment purchases	(787)	(1,060)
	4,058	2,966
	$ 420,535	**$ 353,686**

(a) The Plan's net investment in Canadian public equities includes the fair value of deposits and floating rate notes, totalling $80,751,000 (2002 $52,423,000), which were used as underlying securities to support Canadian equity index swaps contracts.

(b) The sector classification conforms to the Global Industry Classification Standard followed by the Toronto Stock Exchange S&P/TSX Composite Index.

Schedule C

MANAGEMENT EMPLOYEES PENSION PLAN

Schedule of Investments in United States Equities

December 31, 2003

	Plan's Share	
	2003	2002
	($ thousands)	
Deposits and short-term securities	$ 4,570	$ 1,380
Public equities (a) (b)		
Consumer discretionary	37,621	27,883
Consumer staples	20,513	19,091
Energy	12,947	12,881
Financials	45,279	43,951
Health care	27,459	32,300
Industrials	25,922	26,194
Information technology	36,538	29,712
Materials	8,083	6,238
Telecommunication services	6,010	7,642
Utilities	5,675	5,505
	226,047	211,397
Passive index	81	-
	226,128	211,397
Receivable from sale of investments and accrued investment income	1,198	913
Liabilities for investment purchases	(1,672)	(1,497)
	(474)	(584)
	$ 230,224	**$ 212,193**

(a) The Plan's net investment in United States public equities includes the fair value of deposits and floating rate notes, totalling $60,812,000 (2002 $52,563,000), which were used as underlying securities to support US equity index swaps contracts.

(b) The sector classification conforms to the Global Industry Classification Standard followed by the Standard & Poor's S&P 500 Index.

Schedule D

MANAGEMENT EMPLOYEES PENSION PLAN
Schedule of Investments in Non-North American Equities
December 31, 2003

	Plan's Share	
	2003	2002
	($ thousands)	
Deposits and short-term securities	$ 4,459	$ 5,019
Public equities (a) (b)		
Consumer discretionary	37,769	24,470
Consumer staples	19,582	18,658
Energy	18,522	19,818
Financials	61,186	46,298
Health care	19,885	22,542
Industrials	27,101	20,028
Information technology	14,901	11,728
Materials	18,730	15,103
Telecommunications services	22,282	17,378
Utilities	9,788	10,365
	249,746	206,388
Passive index	33	-
Receivable from sale of investments and accrued investment income	1,971	1,080
Liabilities for investment purchases	(958)	(1,908)
	1,013	(828)
	$ 255,251	**$ 210,579**

(a) The Plan's net investment in non-North American public equities includes the fair value of deposits and floating rate notes, totalling $30,294,000 (2002 $22,656,000), which were used as underlying securities to support the notional amount of Non-North American equity index swaps contracts.

(b) The sector classification conforms to the Global Industry Classification Standard followed by Standard & Poor's. The following is a summary of the Plan's investment in Non-North American public equities by country based on geographic location of stock exchange on which stocks were purchased.

	Plan's Share	
	2003	2002
	($ thousands)	
United Kingdom	$ 58,892	$ 56,042
Japan	42,905	32,551
France	24,951	17,976
Switzerland	20,024	18,719
Germany	18,155	11,927
Netherlands	14,201	13,324
Australia	13,055	9,743
Italy	10,860	8,336
Spain	6,988	4,475
Hong Kong	5,519	5,741
Other	34,196	27,554
	$ 249,746	$ 206,388

Schedule E

MANAGEMENT EMPLOYEES PENSION PLAN

Schedule of Investments in Real Estate

December 31, 2003

	Plan's Share	
	2003	2002
	($ thousands)	
Deposits and short-term securities	$ 59	$ 29
Real estate (a)		
Office	32,332	33,847
Retail	30,609	29,542
Industrial	4,943	3,416
Residential	4,280	2,443
	72,164	69,248
Passive index	503	8
Receivable from sale of investments and accrued investment income	186	495
	$ 72,912	**$ 69,780**

(a) The following is a summary of the Plan's investment in real estate by geographic locations:

	Plan's Share	
	2003	2002
	($ thousands)	
Ontario	$ 52,741	$ 52,036
Alberta	17,943	15,706
British Columbia	1,480	1,506
	$ 72,164	$ 69,248

TEN-YEAR PLAN SUMMARY

(Un-audited)

Ten-Year Plan Summary

as at December 31, 2003

($ thousands)

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Change in net assets										
Income										
Investment income (loss)	$ 190,938	$ (77,975)	$ (68,153)	$ 118,574	$ 207,667	$ 105,296	$ 132,257	$ 164,541	$ 131,520	$ (3,277)
Contributions	56,297	46,230	42,361	38,983	36,336	39,508	36,140	36,807	36,984	37,327
Total Income	**247,235**	**(31,745)**	**(25,792)**	**157,557**	**244,003**	**144,804**	**168,397**	**201,348**	**168,504**	**34,050**
Expenditures										
Benefits paid	61,296	54,714	48,476	43,160	38,232	33,483	27,820	21,561	16,327	12,120
Refunds to members	1,143	1,603	1,247	1,415	1,554	2,651	2,680	1,935	1,968	1,814
Transfers to (from) other plans	170	293	683	(243)	66,278	(34)	59	189	199	(2,980)
Investment expenses	1,930	1,868	1,748	1,496	1,457	219	164	179	169	105
Administration expenses	1,363	1,105	686	487	581	440	414	315	372	298
Total expenditures	**65,902**	**59,583**	**52,840**	**46,315**	**108,102**	**36,759**	**31,137**	**24,179**	**19,035**	**11,357**
Increase (decrease) in net assets	**181,333**	**(89,460)**	**(75,362)**	**111,009**	**135,686**	**108,045**	**137,260**	**177,169**	**149,469**	**22,693**
Net Assets										
Investments										
Deposits	17,784	9,889	27,737	33,016	3,335	4,043	12,449	19,871	54,862	22,776
Fixed income securities	567,255	529,924	544,517	619,941	569,897	597,605	563,226	473,026	405,690	377,173
Equities										
Canadian	423,513	354,208	457,113	469,248	494,928	365,032	354,951	322,071	216,644	169,816
United States	230,224	212,193	445,930	428,950	378,355	309,543	239,351	225,235	189,504	139,823
Non-North American	255,251	210,579	-	-	-	29,629	27,889	20,207	18,521	18,183
Real Estate	72,912	69,780	-	-	-	-	-	-	-	-
Total Investments	**1,566,939**	**1,386,573**	**1,475,297**	**1,551,155**	**1,446,515**	**1,305,852**	**1,197,866**	**1,060,410**	**885,221**	**727,771**
Contribution and other receivables	5,215	4,716	4,769	4,318	3,234	3,325	2,975	3,273	1,601	12,490
Liabilities	(240)	(708)	(25)	(70)	(5,355)	(469)	(178)	(280)	(588)	(3,496)
Net Assets available for benefits	**$ 1,571,914**	**$ 1,390,581**	**$ 1,480,041**	**$ 1,555,403**	**$ 1,444,394**	**$ 1,308,708**	**$ 1,200,663**	**$ 1,063,403**	**$ 886,234**	**$ 736,765**
Actuarial value of accrued benefits	1,861,928	(1,692,549)	(1,474,703)	(1,384,545)	(1,311,675)	(1,250,853)	(1,165,653)	(1,065,853)	(960,753)	(876,753)
Surplus (Deficiency)	**(290,014)**	**(301,968)**	**5,338**	**170,858**	**132,719**	**57,855**	**35,010**	**(2,450)**	**(74,519)**	**(139,988)**
Funded Ratio (%)	84	82	100	112	110	105	103	100	92	84
Performance (%)										
Long-term goal	6.75	7.00	7.25	7.25	7.25	7.50	7.50	7.50	8.00	8.00
Rate of return-nominal	13.70	(5.30)	(4.40)	8.10	16.00	8.80	12.30	18.30	17.70	0.00
Benchmark	12.90	(5.60)	(4.10)	7.00	13.40	11.20	13.40	17.00	17.30	(0.70)
Consumer Price Index (Canada)	2.00	4.30	0.70	3.20	2.50	1.00	1.60	1.60	0.20	1.70
Real rate of return	11.70	(9.60)	(5.10)	4.90	13.50	7.80	10.70	16.70	17.50	(1.70)
Interest Rates (%)										
Bank of Canada	3.00	3.00	2.50	6.00	5.00	5.30	4.50	3.30	5.80	7.40
US Federal Reserve	1.00	0.75	1.25	6.50	5.50	4.50	5.50	5.20	5.50	5.50
Market Indices (%)										
S&P/TSX ($Cdn)	26.70	(12.40)	(12.60)	7.40	31.70	(1.60)	15.00	28.40	14.60	(0.20)
Dow Jones Industrial Index ($Cdn)	2.53	(17.45)	(1.37)	(2.48)	18.08	24.33	27.97	26.77	29.62	8.33
SC Bond Universe Index	6.69	8.73	8.08	10.25	(1.14)	9.18	9.63	12.26	21.67	(4.31)
Participants										
Active members	4,029	3,665	3,405	3,373	3,003	3,013	3,474	3,500	3,696	3,725
Deferred members	770	873	929	861	1,032	867	808	729	575	554
Retirees	1,837	1,669	1,480	1,329	1,183	1,048	893	718	549	398
Total	**6,636**	**6,207**	**5,814**	**5,563**	**5,218**	**4,928**	**5,175**	**4,947**	**4,820**	**4,677**
Average age of Active members (years)	48.90	48.90	49.00	47.80	48.10	48.20	46.90	46.80	46.70	42.00
Average age of Pensioners (years)	62.10	62.10	61.10	61.10	61.10	60.60	60.10	59.80	N/A	N/A
Average monthly pension amount	2,881.00	2,873.00	2,873.00	2,797.00	2,797.00	2,811.00	2,787.00	2,766.00	2,478.00	2,538.00
Average annual pension amount	$ 34,572	$ 34,476	$ 34,476	$ 33,564	$ 33,564	$ 33,733	$ 33,428	$ 33,192	$ 29,740	$ 30,452
Contribution Rates (%)										
Employees	9.50	7.75	7.75	7.75	7.00	7.00	7.00	7.00	6.53	6.06
Employers	13.10	10.75	10.75	10.75	8.00	8.00	8.00	8.00	8.00	8.50
Unfunded liability	-	-	-	-	3.50	3.50	3.50	3.50	3.34	2.19
Annual COLA pension adjustment	1.02	1.98	1.98	1.32	0.66	1.32	1.26	1.32	0.84	0.72

Note: External management investment costs are not available for restatement for the periods from 1998 to 1994

CORPORATE DIRECTORY

MEP BOARD MEMBERS

EMPLOYEE NOMINEES
Gail Armitage
Bill Lenius, Vice Chair
Theresa Ostrum

GOVERNMENT NOMINEES
Fred Barth
Nancy Bochard, Chair
Rod McDermand

Public Service Commissioner Nominee (non-voting)
Lorne Saul-Demers

BOARD COMMITTEES

INVESTMENT COMMITTEE
Fred Barth
Nancy Bochard
Ladis Vegh
Tania Willumsen

COMMUNICATIONS COMMITTEE
Gail Armitage
Bill Lenius
Lorne Saul-Demers

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ADVISORS AND SUPPLIERS

Administrator:	Alberta Pensions Administration (APA) Corporation
Fund Management:	Alberta Investment Management, the investment operation of Alberta Revenue (IMD)
Auditor:	Auditor General of Alberta
Actuary:	AON Consulting
Investment Consultant:	API Asset Performance Inc.
Acting Board Secretary:	Jim Millard